

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6252

BILL NUMBER: SB 71

NOTE PREPARED: Apr 7, 2003

BILL AMENDED: Apr 7, 2003

SUBJECT: Illegal Internet Gambling Sites.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR: Rep. Denbo

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill makes it a Class D felony for an operator of an Internet site to knowingly or intentionally use the Internet to engage in unlawful gambling or professional gambling.

It provides that interactive computer services have a cause of action against a person who initiates or assists in the transmission of a commercial electronic mail message that violates the prohibition of using the Internet to engage in unlawful gambling.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) Under current law, unlawful gambling is a Class B misdemeanor. Under the bill, knowingly or intentionally using the Internet to engage in unlawful gambling in Indiana or with a person located in Indiana is a Class D felony. Additionally, professional gambling over the Internet, a Class D felony, would be created for knowingly or intentionally using the Internet to engage in pool-selling, bookmaking, maintaining gaming sites, conducting lotteries, any banking or percentage games, or accepting money or other property risked in gambling.

A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$25,087 in FY 2001. Individual facility expenditures ranged from \$18,520 to \$54,465. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately ten months.

The Office of the Attorney General would be required to maintain a repository of notices sent by prosecuting attorneys or the Attorney General to the operators of these illegal gambling sites. The Office of the Attorney General estimates that in addition to other duties, an attorney would send notices and a secretary would maintain the repository of notices. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 30, 2002, there were 58 vacant positions in the Attorney General's Office including 11 attorney positions and 4 secretary positions. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Office of the Attorney General; Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Sheriffs Association, Department of Correction.

Fiscal Analyst: Karen Firestone, 317-234-2106